



CODE OF BUSINESS ETHICS AND CONDUCT

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I. INTRODUCTION

The GSI Companies ("Companies"), which include GSI Pacific Inc., GSI Americas Inc., and GSI North America Inc., are privileged to be an important source of services for governmental entities as well as commercial customers. The Companies are committed to the standards of ethical business conduct outlined here.

The Companies desire to maintain the highest standard of business integrity and honesty required of government contractors. The Companies are committed to observing all United States and Hawaii laws and regulations concerning the conduct of government contracting or subcontracting. The Companies intend to perform all government contracts in strict compliance with the contract terms, the Contractor Responsibility provisions of the Federal Acquisition Regulations, and all other applicable laws and regulations concerning the conduct of government contracting and subcontracting.

The Companies expect all of their officers and employees to share this commitment to ethical conduct in their business dealings on behalf of the Companies. Every Company director, officer, employee and consultant shall be alert to situations that could lead to violations or the appearance of a violation of law or ethical standards. The Companies have published this Code of Business Ethics and Conduct ("Code") to help identify these situations. This Code states the basic policies and fundamental principles guiding the Companies in all of their activities. All employees are required to comply with these policies and principles in all Company activities. The Companies encourage open discussions with and among employees so that the ethical aspects of all business decisions can be considered and addressed.

The Companies' Ethics Program Director is responsible for the administration and enforcement of this program and, with respect to the Code, reports directly to the Board of Directors. The Vice President of Administration is currently the Companies' Ethics Program Director.

A copy of this Code will be provided to each officer, employee and consultant for their reference and use. Each officer, employee and consultant is required to:

- Understand and follow the laws and regulations that apply to their job;
- Read, understand and follow this Code;
- Seek guidance from his/her supervisor, the Ethics Program Director or other appropriate Company resource if he/she is uncertain about the proper way to act on behalf of the Company;
- Participate in any compliance training required by the Company; and
- Report any suspected violations of the Code or the law to the Ethics Program Director or the Company President.

II. CODE OF BUSINESS ETHICS AND CONDUCT

The Companies' Code is as follows:

- A. No Company officers or employees will make any intentional or knowing misrepresentation or misleading statements to any customers, vendors or other business contacts;
- B. No Company officers or employees will alter any certificates or documents provided to any customers, vendors or other business contacts;
- C. All Company officers and employees will comply with the spirit and intent of federal, state and local laws and regulations in all business activities;
- D. No Company officer or employee will solicit or accept any gift or gratuity from a government customer, vendor, or other government business contact if it could create even an appearance of impropriety under applicable rules;
- E. No Company officer or employee will offer or give any gift or gratuity to a government customer, vendor, or other government business contact if it could create even an appearance of impropriety under applicable rules;
- F. No Company officer or employee will solicit or use a competitor's trade secrets or proprietary information for business advantage;
- G. Each Company officer and employee will ensure the accuracy and completeness of any cost and pricing data or other financial information provided to any government agency;
- H. Each Company officer and employee will ensure pricing provided to any government agency is independent and confidential;
- I. Each Company officer and employee shall be alert to potential violations of this Code and shall take all reasonable steps to ensure compliance;
- J. All Company employees are required to report suspected violations and improprieties of this Code to the Ethics Program Director or the Company President, whether committed by the Company, a vendor, a subcontractor, or a government employee;
- K. No Company officer or employee shall take any adverse action against any other officer or employee as reprisal for that person's reasonable efforts to support, enforce, or comply with this Code;
- L. The Company is committed to cooperate fully with any government agency responsible for investigating improprieties or taking corrective actions. In this regard, all Company officers and employees are also

obligated to cooperate fully in government agencies' investigative or corrective activities; and

- M. Any Company officer or employee whose conduct is found to have violated applicable laws, regulations, or the basic tenets of business integrity and honesty set forth in this Code will be subject to immediate disciplinary action, including termination if appropriate.

III. GUIDELINES FOR ETHICAL STANDARDS

A. Offering Business Courtesies

The Companies' policy is to treat all of its government contract customers, vendors and other government business contacts with good faith. This is particularly important when dealing with employees of the United States Government or state and local officials. As a rule, government employees are forbidden by law from accepting anything of value from a contractor who does business with the government. Except where government policy provides clear exceptions to the general rule (e.g., accepting modest offerings of food or refreshments, such as coffee and doughnuts), Company employees must not give anything of value to any government employee.

Any questions regarding the propriety of providing or accepting meals, refreshments, entertainment, transportation or anything of value to any customer should be referred to the Company's Ethics Program Director.

B. Accepting Business Courtesies

It is the Companies' policy to avoid granting unfair consideration to any supplier, vendor, or other business associate on a government contract. Company personnel who deal with the Companies' vendors, suppliers and outside consultants must be alert to situations where the acceptance of business courtesies, such as meals, gifts, or tickets to sporting events, might cause or create the appearance of favoritism in the allocation of Company business. Company employees may not accept business courtesies where there is an expectation of favorable reciprocal treatment on a government contract, spoken or unspoken. Company personnel who deal with vendors, suppliers and consultants are responsible for exercising good judgment and common sense in accepting business courtesies.

Many situations can easily be identified as illegal or unethical. For example, where one of the Companies is the prime contractor or subcontractor under a United States Government contract, Company personnel who have responsibility for dealing with suppliers and subcontractors shall not accept as a kickback anything of value from a supplier or subcontractor. Kickbacks are defined as:

any money, fee, commission, credit, gift, gratuity, thing of value, or compensation of any kind which is provided, directly or indirectly, to any prime Contractor, prime Contractor employee, subcontractor or subcontractor

employee, for the purpose of improperly obtaining or rewarding favorable treatment in connection with a prime contract or in connection with a subcontract relating to a prime contract.

See FAR 52.203-7 (Anti-Kickback Act). Violation of the federal Anti-Kickback statute carries severe penalties for the Companies and their employees. Accordingly, the Companies are committed to preventing and detecting kickbacks in their own operations, and will report all instances where there is a reasonable suspicion that a violation has occurred.

It is the responsibility of each Company employee to ensure that the rules are followed. Should you have a question as to the propriety of accepting a gift, please seek the guidance of the Ethics Program Director in handling the situation. In no event shall any employee accept anything -- even an item of nominal value -- if the item appears to be offered with the expectation of favorable treatment or reward.

C. Proper Marketing Practices

The Companies' success over the years derives from developing and delivering high quality services on time. Competitively priced superior services are our primary marketing tool. Because our reputation is built upon excellence, there is no need for misrepresentations, false claims, or shades of truth. Likewise, we must never try to secure an unauthorized competitive advantage through the unlawful or unethical acquisition of a competitor's information.

Further, the Company will not offer a "contingent fee" to any person in return for a promise to obtain a government contract or otherwise seek to circumvent the legal and regulatory procedures for award of government contracts.

D. Financial Integrity

The Companies are committed to the highest standards of compliance with all applicable laws and regulations, accounting standards, accounting controls, and audit practices. All Company directors, officers, and employees have a direct role in maintaining the Companies' financial integrity by keeping accurate Company records. Our duty to the Companies is to ensure all financial records are protected from loss or unauthorized alteration, and delivered promptly to the Company accounting staff. The accounting staff and other responsible officials are similarly obligated to ensure all financial records and reports are accurate and all billings are fully justified by the supporting cost and pricing data.

All employees and officers have a responsibility and are encouraged to report any suspected violations of the Companies' financial reporting standards. Reports may be submitted to the Ethics Program Director. Reports may also be made to the Company President if the Ethics Program Director is not immediately available. Individuals who report a suspected violation will be protected from retaliatory action of any kind in accordance with applicable laws and regulations. Protected activity includes actions

taken by the individual to provide information, assist in investigations, or testify in a proceeding related to the suspected violation.

Confidentiality of reports will be maintained, to the fullest extent possible, consistent with the need to conduct a prompt and adequate review. Corrective action will be taken as warranted, including a reply to the person(s) submitting the report. A record of all reports and the disposition thereof will be maintained by the Ethics Program Director.

E. Pricing

1. Independent Pricing

The procurement laws are based on open competition. “Bid rigging,” collusion and other anti-trust violations endanger the entire system, and the disclosure or use of competitor proprietary information will defeat fair competition.

The Companies are committed to ensuring that each and every bid or proposal it submits for a government contract is kept confidential. Under no circumstances should any Company officer, employee or agent discuss any Company bid or proposal or any other proprietary information with any competitor or others outside of the Companies.

The use of any competitors’ proprietary information is strictly prohibited. Proprietary information includes cost and pricing data of all forms, including indirect costs and labor rates, processes and techniques, and “marked” information. Such information may not ever be used in preparing a bid or proposal. If any employee should come into possession of a competitor’s confidential, proprietary information, do not use the information and promptly notify your supervisor or the Ethics Program Director.

2. Bid Or Proposal Integrity

It is the Companies’ policy to prohibit submitting an unrealistically low price for bids or proposals, in anticipation of price increases for change orders or other mechanisms. Such a practice is termed “buying in” and is expressly prohibited by the Companies.

IV. ADDITIONAL CONSIDERATIONS CONCERNING DOING BUSINESS WITH UNITED STATES AND STATE GOVERNMENTAL AGENCIES

A. Representations and Certifications

There are special requirements that apply when the Companies submit a contract claim in connection with a government contract. In this context, a contract “claim” is any request by the Companies to a government agency for payment in any form as reimbursement for increased costs or other compensation or adjustment (including delays) for a government-directed change in contract work.

All contract claims will be coordinated and approved by the Company President. Where the law requires disclosure of cost and pricing data, all employees who are involved in the preparation of a proposal to the government must ensure all cost and pricing data

are current, accurate, and complete as of the date of agreement on contract price.

All of the proposals that the Companies furnish to the government and its prime contractors contain important certifications and representations. It is the responsibility of each employee who prepares, signs, or in any way supports the Companies' certifications and representations to ensure these important documents are prepared carefully and accurately. A false certification can lead to civil and criminal sanctions against the Companies as well as the involved employees.

B. Employing Government Personnel

There are strict laws and regulations that govern the recruiting and hiring of current and former government personnel, including both military and U.S. civil service employees. Violations could result not only in sanctions against the government employee, but could include civil and criminal liability for the Companies.

No Company officer, employee or agent may improperly influence current government personnel. Improper influence includes, but is not limited to, promising future employment to government personnel in exchange for an award of a contract.

All former federal government employees, of whatever rank or grade, and Hawaii State employees have a life-long restriction related to all particular matters for which they had personal and substantial responsibility as government employees. Thus, it is necessary to review the candidate's prior government employment before employment discussions are held with the individual. Prior to the holding of any employment discussions -- including discussions between technical personnel -- with a current or former government employee, the matter shall first be reviewed and approved by the Company's Vice President of Administration and President. No employee of the Companies shall make any offer of employment to a government employee without the prior approval of the Ethics Program Director and the Company President.

C. Contract Compliance

The Companies' customers are entitled to and will expect strict compliance with the work described in the contract. The Companies' policy is to insist on the accuracy and integrity of the records and reports related to all contract work. Therefore, substitution of materials or contractually required skill levels or procedures will only be made with the prior written approval of the customer.

Making the best use of time on the job is essential to meeting our obligation to customers and others. All Company employees are expected to be on the job when scheduled and to obey all rules governing performance on that job. Given the nature of some of our contracts, accurate accounting of our time and material costs is an essential part of the trust our customers place in us. Accordingly, falsification of time entries, time sheets or other records is strictly prohibited. Correction of time sheets or other records can only be accomplished in accordance with established Company procedures and must be supported by appropriate documentation and approvals.

If the Companies utilize the services of outside consultants, these consultants, agents, or other representatives under contract with the Companies shall comply with this Code in the same manner and to the same standards as the Companies' employees. Consultants will receive a copy of our Code at the start of their assignment. Engagement of consultants shall be coordinated in advance with the Company President and failure of a consultant to comply with statutes, regulations, and this Code shall be grounds for immediate termination of the consulting agreement.

D. Subcontractor Sales

No officer, employee or agent of the Companies shall unreasonably restrict the government's ability to purchase directly from the Companies' subcontractors. For example, exclusive sales agreements or contracts between the Companies and their subcontractors may unreasonably restrict subcontractor sales to the government. To avoid violations, all teaming agreements and subcontracts must be approved by Company counsel and management.

All Company teaming agreements and subcontractor agreements may include provisions which require the teammate or subcontractor to remain loyal to the Company and not engage in relations with potential competitors. However, each of these agreements shall allow for direct sales to the government if the government so requests.

V. OTHER COMMITMENTS

A. Equal Opportunity

The Companies are equal opportunity employers. It is our policy to employ qualified people without regard to race, color, religion, sex, national origin, age, ancestry, disability, pregnancy, sexual orientation, veteran's status, marital status, arrest or court record, citizenship, genetic information or any other characteristic protected under federal or state law. Any restrictions on employment for specific government contract work must be based on express government requirements, such as security clearance obligations, and not on any non-merit considerations. This policy applies to all aspects of employment including, but not limited to, recruitment, hiring, placement, training, promotion, compensation, benefits, transfers, layoffs, recalls, leaves of absence, discipline and termination.

B. Conflicts of Interest

A conflict of interest may exist when personal, family or other outside economic interests conflict or compete with the Companies' interests. Conflicts of interest must be avoided. Examples of conflicts of interest include, but are not limited to: (1) outside activities that have a negative effect on an employee's ability to satisfy job-related requirements of the employee's position with the Company; (2) outside jobs or business/economic interests which are in competition with the Company's business; and (3) outside activities which involve the use of confidential information learned directly or indirectly through employment at the Company.

The appearance of a conflict of interest should also be avoided. Such appearances may damage the Company's reputation and business due to the potential that suppliers, clients, the government and other groups will perceive actual conflict. Employees are prohibited from behaving in such a way as to create an actual or apparent conflict of interest. For example, an employee's use of his/her position for personal gain is strictly prohibited. If an employee is performing an activity causing the conflict of interest, the employee may be required to cease the offending activities or, under certain circumstances, may be discharged.

Employees are required to report all potential or existing conflicts of interest to the Companies' Ethics Program Director for a determination of whether there is an actual conflict of interest. Failure to report potential or existing conflicts of interest or refusal to resolve such conflicts may result in disciplinary action, including discharge.

VI. THE COMPANIES' CONTRACTOR RESPONSIBILITY PROGRAM

This Code is intended to ensure all Company employees and consultants know the rules of ethical conduct within the Companies. The Companies require the personal commitment of all employees and consultants to maintain each Company's reputation as an ethical and responsible business organization.

All Company employees and consultants are obligated to report any suspected improprieties in accordance with the following procedures.

A. How to Handle Ethical Issues And Reporting

The Companies are committed to operating business in accordance with the highest levels of integrity and ethical standards. Should an improper practice or irregularity occur within the Companies, management is committed to making all necessary corrections, taking remedial actions to prevent reoccurrence, and making timely and open disclosures of the improper actions to the appropriate government authorities.

Several options are available for the reporting of actual or suspected violations:

- You may report the matter to the Ethics Program Director, the Company President, or the Companies' Executive Director.
- You may contact the Ethics Program Director or President by telephone at (808) 834-4631 or by letter c/o GSI Companies, 181 S. Kukui Street, First Floor, Honolulu, HI 96813.
- You may contact the Companies' Executive Director by telephone at (808) 864-5050 or by letter c/o Native Hawaiian Community Development Corporation, 181 S. Kukui Street, First Floor, Honolulu, HI 96813.

The Companies are committed to ensuring that their officers and employees have a full understanding of the Code. Supervisors shall ensure that those employees and consultants reporting to them are made aware of both the Companies' commitment to

proper business practices and each individual's obligation to comply with the policies expressed in this Code.

The Ethics Program Director is responsible for answering employee inquiries and for establishing compliance training programs. Should you have any questions or concerns regarding this Code of Ethics and Business Conduct, please direct your inquiries to the Ethics Program Director.

B. No Retaliation for Reporting

The Companies will not tolerate any direct or indirect retaliation against any employee for reporting a suspected problem in good faith, even if the concern turns out to be groundless. Please contact the Ethics Program Director or the Company President if you believe you are being subjected to retaliation. Any retaliation against someone who reports a problem in good faith will result in appropriate disciplinary action.

C. Consequences for Violations of the Code and Failure to Report

Violations of the Code will result in appropriate discipline, up to and including immediate termination. In some cases, the Companies may also refer misconduct to the appropriate authorities for prosecution and may seek to recover damages from the wrongdoer.

Every Company officer and employee has the obligation to report violations of the Code to the Ethics Program Director or the President, even if the officer or employee has no involvement with the violation itself. This duty applies whether the violation or impropriety is committed by one of the Companies, a Company employee, a vendor, a subcontractor or a government employee. Failure to report a violation may result in discipline. The Ethics Program Director has the obligation to follow up with appropriate action to investigate and respond to the reported misconduct. Every Company officer and employee has the obligation to ensure that the Company upholds the law and the standards outlined in this Code.